

**Equality Commission NI /
Office of the First Minister
and deputy First Minister**

Management Statement

Version 0.07

April 2008

ECNI / OFMDFM – Management Statement

April 2008

Version Information

Status

The current status of this document is: *Draft*

Version History

Number of this Version: 0.07

Date of this Version: 3 April 2008

This Copy Printed on: 10/10/2012

Version Number	Version Date	Summary of Changes
0.01	09/08/07	Initial document for review.
0.02	05/12/07	Amended following comments made by ECNI.
0.03	23/01/08	Amended following further comments by ECNI.
0.04	28/02/08	Amended following comments at ECNI Audit and Risk Committee
0.05	19/03/08	Amended following comments made by Finance Division
0.06	28/03/08	Amended following comments made by DFP Supply
0.07	03/04/08	Amended para 19 to clarify NIO role and remove last bullet point of para 36 (in model); para 42 amended re consolidation officer. Added signatories – page 32.

Owner

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Document Location

The electronic version of this file is located on:

C:\Documents and Settings\heaneyd\My Documents\Offline Records
(RN)\Management ~ - Monitoring ECNI - Corporate Governance(2)\ECNI
Management Statement.DOC

Distribution of this Version

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DEFINITIONS

In this Memorandum:

“Board” means the Equality Commission for Northern Ireland

“Body” means the ECNI

“C&AG” means the Comptroller and Auditor General for Northern Ireland

“Chief Executive” means the senior executive official of ECNI

“Commission” means the ECNI

“DAO” means “Dear Accounting Officer” letter

“Department” means the Office of the First Minister and deputy First Minister

“ECNI” means the Equality Commission for Northern Ireland

“DFP” means Department of Finance and Personnel

“DPFO” means “Dear Principal Finance Officer” letter

“Grant” means any form of payment, of which “grant-in-aid” is a subset

“Minister” means the Ministers of OFMDFM. During the suspension of the Northern Ireland Assembly, all references to “the Minister” should be taken to mean the relevant Direct Rule Minister with responsibility for Office of the First Minister and deputy First Minister

“MSFM” means the *Management Statement and Financial Memorandum* document

NIO means the Northern Ireland Office

“OFMDFM” means Office of the First Minister and deputy First Minister

“PFO” means Principal Finance Officer

“Voted” means provision voted by the Northern Ireland Assembly

During the period of suspension, any reference to the NI Assembly in this document should be read as a reference to the United Kingdom Parliament

INTRODUCTION

This document

1. This *Management Statement (and associated) Financial Memorandum (MSFM)* has been drawn up by OFMDFM in consultation with ECNI, Equality House, 7-9 Shaftesbury Square, Belfast, BT2 7DP . The document is based on a model prepared by the Office of the First Minister and Deputy First Minister (OFMDFM) and the Department of Finance and Personnel (DFP). During the suspension of the Northern Ireland Assembly, all references to the Assembly should be taken to mean the UK Parliament at Westminster and all references to “the Minister” should be taken to mean the relevant Direct Rule Minister with responsibility for OFMDFM and ECNI.

2. Subject to the legislation noted below, this *Management Statement* sets out the broad framework within which the ECNI will operate, in particular:

- the ECNI’s overall aims, objectives and targets in support of OFMDFM’s wider strategic aims and the outcomes and targets contained in its current Public Service Agreement (PSA);
- the rules and guidelines relevant to the exercise of the ECNI’s functions, duties and powers;
- the conditions under which any public funds are paid to the ECNI;
- how the ECNI is to be held to account for its performance.

3. The associated *Financial Memorandum* sets out in greater detail certain aspects of the financial provisions which the ECNI shall observe. However, the *Management Statement* and *Financial Memorandum* do not convey any legal powers or responsibilities.

4. The document shall be periodically reviewed by OFMDFM in accordance with the timetable referred to in paragraph 78 below.

5. The ECNI, OFMDFM, or the Minister, may propose amendments to this document at any time. Any such proposals by the ECNI shall be considered in the light of evolving Departmental policy aims, operational factors and the track record of the ECNI itself. The guiding principle shall be that the extent of flexibility and freedom given to the ECNI shall reflect both the quality of its internal controls to achieve performance and its operational needs. OFMDFM shall determine what changes, if any, are to be incorporated in the document. Legislative provisions shall take precedence over any part of the document. Significant variations to the document shall be cleared with DFP Supply after consultation with the ECNI, as appropriate.

6. The MSFM is approved by DFP Supply, signed and dated by OFMDFM and the ECNI's Chief Executive and copied to the Public Service Improvement Unit (PSIU), DFP.

7. Any question regarding the interpretation of the document shall be resolved by OFMDFM after consultation with the ECNI and, as necessary, with DFP.

8. Copies of this document and any subsequent substantive amendments shall be placed in the Library of the Assembly. (Copies shall also be made available to members of the public on the ECNI's website).

Founding legislation; status

9. The Equality Commission for Northern Ireland, which has been in existence since 1 October 1999, is an executive Non-Departmental Public Body (NDPB)¹ established as a body corporate by Section 73 of the Northern Ireland Act 1998.

¹ An NDPB is a body which has a role in the processes of national government, but it is not a government department or part of one, and accordingly operates to a greater or lesser extent at arm's length from Ministers – source NDPBs: A Guide for Departments (Cabinet Office 2000)

10. The Commission's primary source of income is grant-in-aid provided by the Department. Statutory authority for the payment of grant-in-aid is contained in Schedule 8 to the Northern Ireland Act 1998.

Structure of the Commission

11. The Commission shall consist of not less than 14 nor more than 20 Commissioners. From among the Commissioners the Secretary of State also appoints the Chief and at least one Deputy Chief Commissioner of the Equality Commission for Northern Ireland.

The main functions and responsibilities of ECNI are as follows:

- to promote equality of opportunity;
- to promote affirmative action;
- to promote equality of opportunity and good relations between people of different racial groups generally;
- to work for the elimination of unlawful discrimination;
- to oversee the effectiveness of the statutory duties on public authorities;
- to keep under review the working of anti-discrimination and equality legislation and, when it is so required by the Department or otherwise thinks it necessary, draw up and submit to the Department proposals for amending legislation.

Responsibilities

12. The responsibilities of the Chief Commissioner and Commissioners are set out in the Northern Ireland Act 1998 and more fully in the Code of Practice for Commissioners agreed between the Department and the Commission.

13. Under the provisions of section 74 of the Northern Ireland Act 1998 the functions previously exercised by the Fair Employment Commission, the Equal Opportunities Commission for Northern Ireland, the Commission for Racial Equality for Northern Ireland and the Northern Ireland Disability Council shall instead be exercisable by the Equality Commission for Northern Ireland. Since the formation, of the Commission the legislative framework has been extended to cover new grounds: age and sexual orientation; the existing grounds disability, race, sex (including marital and civil partner status), religious belief and political opinion, have been significantly extended.

14. Schedule 9 of the Northern Ireland Act 1998 sets out the Commission's responsibilities in relation to section 75 of the Act. These are to:-

(a) keep under review the effectiveness of the duties imposed by section 75;

(b) offer advice to public authorities and others in connection with those duties;
and

(c) carry out the other functions conferred on it by Schedule 9 in relation to the enforcement of the duties imposed by section 75.

Classification

15. For policy/administrative purposes the ECNI is classified as an executive non-departmental public body.

16. For national accounts purposes the ECNI is classified to the central government sector.

OBJECTIVES AND TARGETS

Objectives and key targets

17. OFMDFM determines the ECNI's performance framework in the light of the Department's wider strategic aims and current PSA objectives and targets

(paragraph 2). The Minister agrees objectives, key targets and performance measures within the ECNI's corporate and business plans.

RESPONSIBILITIES AND ACCOUNTABILITY

OFMDFM Minister

18. The Minister is accountable to the Assembly for the activities and performance of the ECNI. His/Her responsibilities include:

- approving the ECNI's strategic objectives and the policy and performance framework within which the ECNI will operate (as set out in this *Management Statement, the Financial Memorandum* and associated documents);
- keeping the Assembly informed about the ECNI's performance;
- approving the amount of grant-in-aid/grant/other funds to be paid to the ECNI, and securing Assembly approval;
- carrying out responsibilities specified in the founding legislation, including approving the terms and conditions of Commission members, approval of terms and conditions of staff, and laying of the annual report and accounts before the Assembly.

Secretary of State

19. Under the provisions of para 73 (2) of the Northern Ireland Act 1998, the Secretary of State appoints the members of the Commission. NIO is required to act on the Secretary of State's behalf to carry out the appointment of the Chief Commissioner, Deputy Chief Commissioner and Commissioners and shall, as far as practicable, secure that the Commissioners, as a group, are representative of the community in Northern Ireland.

Joint Departmental Responsibilities

20. The NIO and OFMDFM are jointly responsible for undertaking the annual assessment of the performance and effectiveness of the Chief Commissioner and for overseeing the reporting and assessment of the performance of Commissioners by the Chief Commissioner.

The Accounting Officer of OFMDFM

21. The Director of Resources, as OFMDFM's principal Accounting Officer (the "Departmental Accounting Officer"), is responsible for the overall organisation, management and staffing of OFMDFM and for ensuring that there is a high standard of financial management in the Department as a whole. The Departmental Accounting Officer is accountable to the Assembly for the issue of any grant-in-aid to the ECNI. The departmental Accounting Officer designates the Chief Executive of the ECNI as the ECNI's Accounting Officer, and may withdraw the accounting officer designation if he/she believes that the incumbent is no longer suitable for the role.

22. In particular, the Departmental Accounting Officer of OFMDFM shall ensure that:

- the ECNI's strategic aims and objectives support OFMDFM's wider strategic aims and current PSA objectives and targets;
- the financial and other management controls applied by OFMDFM to the ECNI are appropriate and sufficient to safeguard public funds and for ensuring that the ECNI's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to the ECNI by the Assembly but also any other funds falling within the stewardship of the NDPB);
- the internal controls applied by the NDPB conform to the requirements of regularity, propriety and good financial management; and

- any grant-in-aid to the ECNI is within the ambit and the amount of the Request for Resources and that Assembly authority has been sought and given.

23. The responsibilities of a Departmental Accounting Officer are set out in more detail in section 4.1 of *Government Accounting Northern Ireland*.

The sponsoring team in the Department

24. Within OFMDFM, Equality and Rights Unit is the sponsoring team for the ECNI. The Unit, in consultation as necessary with the relevant departmental Accounting Officer, is the primary source of advice to the Minister on the discharge of his/her responsibilities in respect of the ECNI, and the primary point of contact for the ECNI in dealing with OFMDFM. The sponsoring team shall carry out its duties under the management of a senior officer, who shall have primary responsibility within the team for overseeing responsibilities outlined in the following paragraphs.

25. The sponsoring team shall advise the Minister on:

- an appropriate framework of objectives and targets for the ECNI in the light of the Department's wider strategic aims and current PSA objectives and targets;
- an appropriate budget for the ECNI in the light of the Department's overall public expenditure priorities;
- how well the ECNI is achieving its strategic objectives and whether it is delivering value for money.

26. In support of the Departmental Accounting Officer, the sponsoring team shall:

on performance and risk management -

- monitor the ECNI's activities on a continuing basis through an adequate and timely flow of information from the ECNI on performance, budgeting,

control, and risk management, including early sight of the ECNI's Statement on Internal Control;

- address in a timely manner any significant problems arising in the ECNI, whether financial or otherwise, making such interventions in the affairs of the ECNI as OFMDFM judges necessary to address such problems;
- periodically carry out a risk assessment of the ECNI's activities to inform OFMDFM's oversight of the ECNI; strengthen these arrangements if necessary; and amend the *Management Statement and Financial Memorandum* accordingly. The risk assessment shall take into account the nature of the ECNI's activities; the public monies at stake; the body's corporate governance arrangements; its financial performance; internal and external auditors' reports; the openness of communications between the body and OFMDFM; and any other relevant matters;

on communication with the ECNI -

- inform the ECNI of relevant Government policy in a timely manner; if necessary, advise on the interpretation of that policy; and issue specific guidance to the ECNI as necessary;
- bring concerns about the activities of the ECNI to the attention of the full Commission, and require explanations and assurances from the Commission that appropriate action has been taken.

The Chief Commissioner of the ECNI

27. The Chief Commissioner is appointed as follows by the Secretary of State for a period of three years in line with the Code of Practice issued by the Commissioner for Public Appointments.

28. The Chief Commissioner is responsible to the Minister of OFMDFM. The Chief Commissioner shall ensure that the ECNI's policies and actions support the wider strategic policies of the Minister; and that the ECNI's affairs are conducted with

probity. The Chief Commissioner shares with other Commissioners the corporate responsibilities set out in paragraph 37, in particular for ensuring that the ECNI fulfils the aims and objectives set by OFMDFM and approved by the Minister [consistent with discharging its legal obligations](#).

29. The Chief Commissioner has a particular leadership responsibility on the following matters:

- formulating the Commission's strategy;
- ensuring that the Commission, in reaching decisions, takes proper account of guidance provided by the Minister or OFMDFM;
- promoting the efficient, economic, and effective use of staff and other resources;
- encouraging high standards of propriety;
- representing the views of the Commission to the general public; and
- ensuring that the Commission meets at regular intervals throughout the year and that the minutes of meetings accurately record the decisions taken and, where appropriate, the views of individual Commission members.

30. The Chief Commissioner shall also:

- ensure that all members of the Commission, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction training, including on the financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice;

- advise the NIO and OFMDFM of the needs of the ECNI when Commissioner vacancies arise, with a view to ensuring a proper balance of professional and financial expertise; and
- assess the performance of individual Commission members when they are being considered for re-appointment to the ECNI.

31. Performance appraisal should be regular and open and should not be conducted only at the time of reappointment. Members should have an awareness that they are being appraised, the standards against which they will be appraised, and have an opportunity to contribute to and view their report.

32. The Commissioner for Public Appointments is of the view that on-going assessment of members is vital, not only for compliance with the Code of Practice, but also to meet best practice and provide members with feedback; to recognise their contribution; to motivate them; and, where necessary, to provide them with advice on improving performance.

33. The Chief Commissioner shall also ensure that a Code of Practice for Board Members is in place, based on the Cabinet Office's model *Code of Practice for Board Members of Public Bodies*, (FD (DFP) 03/06). The Code shall commit the Chief Commissioner and other Commissioners to the Nolan 'seven principles of public life', and shall include a requirement for a comprehensive and publicly available register of Commissioners' interests.

34. Communications between the Commissioner and the Minister shall normally be through the Chief Commissioner. The Chief Commissioner shall ensure that the other Commissioners are kept informed of such communications.

ECNI's Chief Commissioner and Members of the Commission

35. Commissioners are appointed by the Secretary of State for a period of three years in line with the Code of Practice issued by the Commissioner for Public Appointments.

36. The Commission has corporate responsibility for ensuring that the ECNI fulfils the aims and objectives set by OFMDFM and approved by the Minister, and for promoting the efficient, economic and effective use of staff and other resources by the ECNI. To this end, and in pursuit of its wider corporate responsibilities, the Commission shall:

- establish the overall strategic direction of the ECNI within the policy and resources framework determined by OFMDFM;
- ensure that OFMDFM is kept informed of any changes which are likely to impact on the strategic direction of the ECNI or on the attainability of its targets, and determine the steps needed to deal with such changes;
- ensure that any statutory or administrative requirements for the use of public funds are complied with; that the Commission operates within the limits of its statutory authority and any delegated authority agreed with OFMDFM, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Commission takes into account all relevant guidance issued by DFP and OFMDFM;
- ensure that the Commission receives and reviews regular financial information concerning the management of the ECNI; is informed in a timely manner about any concerns about the activities of the ECNI; and provides positive assurance to OFMDFM that appropriate action has been taken on such concerns;
- demonstrate high standards of corporate governance at all times, including using the independent audit committee (see paragraph 61) to help the Commission to address the key financial and other risks facing the ECNI;
- appoint a Chief Executive to the ECNI and set performance objectives and remuneration terms linked to these objectives for the Chief Executive, which give due weight to the proper management and use of public monies.

37. Individual Commissioners shall act in accordance with their wider responsibilities as Members of the Board – namely to:

- comply at all times with the Code of Practice (see paragraph 33) that is adopted by the ECNI and with the rules relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations; and to declare publicly and to the Commission any private interests that may be perceived to conflict with their public duties;
- comply with the Commission’s rules on the acceptance of gifts and hospitality, and of business appointments; and
- act in good faith and in the best interests of the ECNI.

38. OFMDFM shall have access to all Commission meeting minutes.

The Chief Executive’s role as Accounting Officer

39. The Chief Executive of the ECNI is designated as the ECNI’s Accounting Officer by the Departmental Accounting Officer of OFMDFM.

40. The Accounting Officer of the ECNI is personally responsible for safeguarding the public funds for which he/she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the ECNI.

41. As Accounting Officer, the Chief Executive shall exercise the following responsibilities in particular:

on planning and monitoring -

- establish, in agreement with OFMDFM, the ECNI's corporate and business plans in support of the Department's wider strategic aims and current PSA objectives and targets;
- inform OFMDFM of the ECNI's progress in helping to achieve the Department's policy objectives and in demonstrating how resources are being used to achieve those objectives;
- ensure that timely forecasts and monitoring information on performance and finance are provided to OFMDFM; that OFMDFM is notified promptly if overspends or underspends are likely and that corrective action is taken; and that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to OFMDFM in a timely fashion;

on advising the Commission -

- advise the Commission on the discharge of its responsibilities as set out in this document and in any other relevant instructions and guidance that may be issued from time to time by DFP or OFMDFM;
- advise the Commission on the ECNI's performance compared with its aims and objectives;
- ensure that financial considerations are taken fully into account by the Commission at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed appropriately;
- take appropriate action by raising with the Departmental Accounting Officer if the Commission, or its Chief Commissioner, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, efficiency or effectiveness;

on managing risk and resources -

- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensure that an effective system of programme and project management and contract management is maintained;
- ensure that all public funds made available to the ECNI including any income or other receipts are used for the purpose intended by the Assembly, and that such monies, together with the ECNI's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by the ECNI, including effective measures against fraud and theft;
- maintain a comprehensive system of internal delegated authorities that are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that effective personnel management policies are maintained;

on accounting for the ECNI's activities -

- sign the accounts and be responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Minister, OFMDFM, or DFP;
- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Statement on Internal Control regarding the ECNI's system of internal control, for inclusion in the annual report and accounts;

- ensure that effective procedures for handling complaints about the ECNI are established and made widely known within the ECNI;
- act in accordance with the terms of this document and with the instructions and relevant guidance in *Government Accounting Northern Ireland* and other instructions and guidance issued from time to time by OFMDFM and DFP - in particular, the DFP document, *The Responsibilities of an NDPB Accounting Officer* and the Treasury document, *Regularity and Propriety*, both of which the Chief Executive shall receive on appointment. Section IX of the *Financial Memorandum* refers to other key guidance;
- give evidence, normally with the Accounting Officer of OFMDFM, if summoned before the Public Accounts Committee on the use and stewardship of public funds by the ECNI;
- ensure that Lifetime Opportunities is taken into account;
- ensure that the requirements of the Data Protection Act, 1998 are complied with; and
- ensure that the requirements of the Freedom of Information Act, 2000 are complied with.

The Chief Executive's responsibilities for Whole of Government Accounts

42. The Chief Executive shall, via the Consolidation Officer:

- ensure that the consolidation information, which sets out the financial results and position of the ECNI is prepared;
- arrange for its audit; and
- send the information and the audit report to the Principal Consolidation Officer nominated by DFP.

43. The Chief Executive shall ensure compliance with the requirements of the NDPB Consolidation Officer Memorandum as issued by DFP and shall, in particular:

- ensure that the ECNI has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process;
- prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions and directions [“Dear Consolidation Officer” (DCO) and “Dear Consolidation Manager” (DCM) letters] issued by DFP on the form, manner and timetable for the delivery of such information.

Delegation of duties

44. The Chief Executive may delegate the day-to-day administration of his/her Accounting Officer responsibilities to other employees in the ECNI. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in this document.

The Chief Executive’s role as Principal Officer for Ombudsman cases

45. The Chief Executive of the ECNI is the Principal Officer for handling cases involving the Northern Ireland Commissioner for Complaints. As Principal Officer, he/she shall inform the Permanent Secretary of OFMDFM, copied to the sponsoring team, of any complaints about the ECNI accepted by the Ombudsman for investigation, and about the ECNI’s proposed response to any subsequent recommendations from the Ombudsman.

Consulting Customers

46. The ECNI will work in partnership with its stakeholders and customers to deliver the services/programmes, for which it has responsibility, to agreed standards. It will consult regularly to develop a clear understanding of citizens’ needs and expectations of its services, and to seek feedback from both stakeholders and customers, and will work to deliver a modern, accessible service.

PLANNING, BUDGETING AND CONTROL

The corporate plan

47. Consistent with the timetable for public spending reviews, the ECNI shall submit by 31 January annually to OFMDFM a draft of the ECNI's updated rolling corporate plan covering three years ahead. This should be agreed with the Department by 28 February each year. The ECNI shall have agreed with OFMDFM the issues to be addressed in the plan and the timetable for its preparation.

48. OFMDFM will agree the ECNI's corporate plan.

49. The plan shall reflect the ECNI's statutory duties and, within those duties, the priorities set from time to time by the Minister. In particular, the plan shall demonstrate how the ECNI contributes to the achievement of the Department's strategic aims and PSA objectives and targets.

50. The corporate plan shall set out:

- the ECNI's key objectives and associated key performance targets for the three forward years, and its strategy for achieving those objectives;
- a review of the ECNI's performance in the preceding financial year together with comparable outturns for the previous 3 years, and an estimate of performance in the current year;
- alternative scenarios to take account of factors which may significantly affect the execution of the plan, but which cannot be accurately forecast;
- a forecast of expenditure and income, taking account of guidance on resource assumptions and policies provided by OFMDFM at the beginning of the planning round. These forecasts should represent the ECNI's best estimate of all its available income not just any grant or grant-in-aid;

- other matters as agreed between OFMDFM and the ECNI.

51. The main elements of the plan, including the key performance targets, shall be agreed between OFMDFM and the ECNI in the light of OFMDFM's decisions on policy and resources taken in the context of the Government's wider policy and spending priorities and decisions.

The business plan

52. The first year of the corporate plan, amplified as necessary, shall form the business plan. This should be submitted to the Department by 31 January and agreed with the Department by 28 February each year. The business plan shall include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by OFMDFM.

Publication of plans

53. The corporate and business plans shall be published and made available on the internet. A version shall be made available to staff.

Reporting performance to OFMDFM

54. The ECNI shall operate management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its agreed corporate and business plans.

55. The ECNI shall take the initiative in informing OFMDFM of changes in external conditions, which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives as set out in the corporate or business plans.

56. The ECNI's performance in helping to deliver Departmental policies, including the achievement of key objectives, shall be reported to the Department on a quarterly basis. Performance will be formally reviewed twice yearly by officials of OFMDFM. The Minister may meet the Commission from time to time to discuss the ECNI's performance, its current and future activities, and any policy developments relevant to those activities.

57. The ECNI's performance against key targets shall be reported in the ECNI's annual report and accounts (see para 72 below).

Budgeting procedures

58. The ECNI's budgeting procedures are set out in the *Financial Memorandum*.

Internal audit

59. The ECNI shall establish and maintain arrangements for internal audit in accordance with DAO (DFP) 3/02 the Treasury's *Government Internal Audit Standards* (GIAS) and DAO (DFP) 25/02, entitled *Internal Audit Arrangements between a Sponsoring Department and its Non-Departmental Public Bodies (NDPBs)*.

60. The ECNI shall consult OFMDFM to ensure that the latter is satisfied with the competence and qualifications of the ECNI's Head of Internal Audit and that the requirements for approving the appointment of an auditor are in accordance with GIAS 5.2.

61. The ECNI shall set up an independent audit committee as a committee of its Commission, in accordance with the Cabinet Office's *Guidance on Codes of Practice for Public Bodies* (FD (DFP) 03/06).

62. OFMDFM shall have access to the Audit Committee's minutes.

63. The ECNI shall arrange for periodic quality reviews of its internal audit in accordance with GIAS. OFMDFM shall consider whether it can rely on these reviews

to provide assurance on the quality of internal audit. However, OFMDFM reserves a right of access to carry out independent reviews of internal audit in the ECNI.

64. OFMDFM's Internal Audit Service shall also have a right of access to all documents prepared by the ECNI's internal auditor, including where the service is contracted out. The audit strategy, periodic audit plans and annual audit report, including the ECNI's Head of Internal Audit's opinion on risk management, control and governance shall be forwarded as soon as possible to the sponsoring team who shall consult the Head of Internal Audit as appropriate.

65. The ECNI shall report immediately to OFMDFM all frauds (proven or suspected), including attempted fraud. OFMDFM shall then report the frauds immediately to DFP and the C&AG. In addition the ECNI shall forward to OFMDFM the annual fraud return, commissioned by DFP, on fraud and theft suffered by the ECNI; notify any changes to internal audit's terms of reference, the audit committee's terms of reference or the ECNI's Fraud Policy and Fraud Response Plan.

Additional Departmental access to the ECNI

66. In addition to the right of access referred to in paragraph 65 above, OFMDFM shall have a right of access to all the ECNI's records and personnel for purposes such as sponsorship audits ; operational investigations (See also paragraphs 38 and 64).

EXTERNAL ACCOUNTABILITY

The annual report and accounts

67. After the end of each financial year the ECNI shall publish as a single document an annual report of its activities together with its audited annual accounts. A draft of the report shall be submitted to OFMDFM two weeks before the proposed publication date.

68. The report and accounts shall comply with:
(a) Government Financial Reporting Manual (FReM);

- (b) Other guidance which the Department of Finance and Personnel may issue from time to time in respect of accounts which are required to give a true and fair view; and
- (c) As outlined in the [Commission's Accounts Direction](#), any other specific disclosures required by OFMDFM.

69. Except where agreed otherwise with the Department of Finance and Personnel, in which case the exception shall be described in the notes to the accounts.

70. The report and accounts shall outline the ECNI's main activities and performance during the previous financial year and set out in summary form the ECNI's forward plans. Information on performance against key financial targets shall be included in the notes to the accounts, and shall therefore be within the scope of the audit.

71. The report and accounts shall be laid before the Assembly and made available, in accordance with the guidance on the procedures for presenting and laying the combined annual report and accounts as prescribed in Government Financial Reporting Manual (FReM).

72. Due to the potential accounting and budgetary implications, any changes to accounting policies or significant estimation techniques underpinning the preparation of annual accounts, requires the prior written approval of OFMDFM.

External audit

73. The Comptroller and Auditor General (C&AG) audits the ECNI's annual accounts and passes the accounts to OFMDFM who shall lay them before the Assembly. For the purpose of audit the C&AG has a statutory right of access to relevant documents as provided for in Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order, 2003.

74. The C&AG has agreed to liaise with the ECNI on who - the NIAO or a commercial auditor – shall undertake the actual audit on his behalf. The final decision rests with the C&AG.

75. The C&AG has agreed to share with OFMDFM, information identified during the audit process and the audit report (together with any other outputs) at the end of the audit. This shall apply, in particular, to issues which impact on the Department's responsibilities in relation to financial systems within the ECNI. The C&AG will also consider, where asked, providing Departments and other relevant bodies with Regulatory Compliance Reports and other similar reports which Departments may request at the commencement of the audit and which are compatible with the independent auditor's role.

VFM examinations

76. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the ECNI has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under Articles 3 and 4 of the Audit and Accountability (Northern Ireland) Order, 2003. Where making payment of a grant, or drawing up a contract, the ECNI should ensure that it includes a clause which makes the grant or contract conditional upon the recipient or contractor providing access to the C&AG in relation to documents relevant to the transaction. Where subcontractors are likely to be involved, it should also be made clear that the requirements extend to them.

STAFF MANAGEMENT

General

77. Within the arrangements approved by the Minister and DFP, the ECNI shall have responsibility for the recruitment, retention and motivation of its staff. To this end the ECNI shall ensure that:

- its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued; where appointment and advancement is based on merit; and where there is no discrimination on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religious belief and political opinion, disability, community background, or age;
- the level and structure of its staffing, including grading and numbers of staff, are appropriate to its functions and the requirements of efficiency, effectiveness and economy;
- the performance of its staff at all levels is satisfactorily appraised and the ECNI's performance measurement systems are reviewed from time to time;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the ECNI's objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistle blowing procedures consistent with the Public Interest Disclosure (Northern Ireland) Order, 2003 are in place;

- a code of conduct for staff is in place based on the Cabinet Office's *Non-Departmental Public Bodies: A Guide for Departments, Annex K, Model Code for Staff of Executive Non-Departmental Public Bodies* (found at <http://www.cabinetoffice.gov.uk/agencies-publicbodies/>)

REVIEWING THE ROLE OF THE ECNI

78. The ECNI shall be reviewed periodically, in accordance with the business needs of OFMDFM and the ECNI

79. The next review of the ECNI will take place in the financial year 2010/11.

80. In the event of the ECNI being wound up, OFMDFM shall, in good time before the ECNI is to be wound up:

- ensure that procedures are in place in the ECNI to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work that is to be inherited by any residuary body;
- specify the basis for the valuation and accounting treatment of the ECNI’s assets and liabilities at wind-up, distinguishing between actual and potential assets and liabilities, in order to provide a clear basis for assessing the ECNI’s financial legacy;
- if necessary, secure representation on the ECNI’s Board to ensure that the wind-up is conducted in a proper and satisfactory manner.

81. The ECNI shall provide OFMDFM with full details of all agreements where the ECNI or its successors have a right to share in the financial gains of developers.

Signed: _____ Date: _____

On behalf of the Equality Commission for Northern Ireland

Signed: _____ Date: _____

On behalf of the Office of the First Minister and Deputy First Minister

